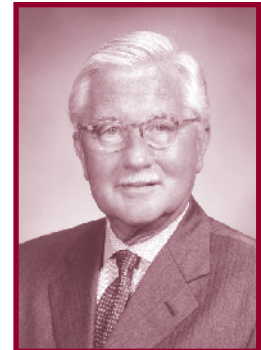


March 2009

## *A Moment for Grove City College*

This “Moment” piece has much to relate and, more importantly, much perspective to share.

Since my last correspondence with you just a few months ago, the onset of a deep economic recession is upon us. No matter our age, station or circumstance, we are all feeling the effects. As this situation has developed, I have waited until some things were clearer before writing to you. We are now (according to economists) 15 months into the recession. In fact, since early September our financial, capital and credit markets have been on a roller coaster ride not seen (except by our grads from the '30s) in most of our lifetimes. So what are the early effects and implications for our alma mater?



*Dick Jewell '67*

First, as all alumni most likely know, we do not take state or federal monies. Thousands and thousands of other colleges and universities do. As a result of taking (even relying on) this source of money, many schools are seeing a severe short-term revenue tightening (especially as to state money). If you “live by that sword” (as almost all do), you can “die by that sword.” However, we are not affected at all on the downside. Accordingly, the historic principles of our College have proven over time – especially now – to be good, right and beneficial. Plus, as we have learned, “strings” unavoidably come attached to the state and federal money that we avoid. Those “strings” will also continue to increase, placing at risk the independent governance and perhaps even how courses are taught at many institutions. For when the government spends our tax money and applies it, say to a private school, the word “private” begins to erode and with it often the historic mission of the affected institution. We will, I assure you, continue our path of independence, for it is the bedrock of who we have been, are and always will be, and that is a promise.

Because the loss of government money doesn't affect us as it does others, what does? What are the risks or threats and how are we handling them? Like most of us individually whose investment portfolios and returns have decreased, our endowment earnings have decreased by approximately 30 percent, and so in this regard we are like most other schools and charitable institutions. However, while many schools use a robust portion of their endowment earnings for operations (a number have even had to invade their principal), we do not. In fact, we use endowment earnings for only a bit over 1 percent of our operating budget. Again, this is another historically sound conservative operating principle that we have always followed and whose wisdom is illustrated in times such as these. That operating principle is a simple but important one. It reminds us to manage the economics of the school based on revenue from room, board and tuition and not to rely on endowments or other funds that could dry up quickly. So the effect on our operating budget is minimal and not catastrophic, though for those many schools in current financial trouble this is a significant factor. Even though we use very little of our endowment for direct operating expenses, we do use 85 percent of all our endowment earnings (interest and appreciation) for need-based and merit-based scholarships for our students. Because we do not permit our students to accept federal loans or grants in order to maintain our independence, our ability to provide our own private scholarship grants as well as competitive private-sector sourced loans is very, very important. By the way, to dedicate 85 percent of a school's total endowment earnings to scholarship aid as we do is unheard of in colleges and universities around the country. In fact, a major criticism of schools of higher education has been that they have not provided a high enough percentage of their endowment earnings to the scholarship area – but we have, and we will continue to do so, and that is a promise.

So, with our endowment assets reduced, we knew we would have less money to give out in scholarship aid for the incoming freshman class as well as the upperclass students who return to us next fall. In fact, we had an estimated shortfall over the amount of existing scholarship

funds available last year of about \$1.5 million. But I have good news, and that news reflects incredibly well on all alumni and friends of the College. Through newly realized deferred giving specifically earmarked for scholarships by recently deceased alumni in their estates, plus current gifts from other donors for scholarship purposes, we will actually have a bit more money available to award to next year's students than we did in 2008-09. This is an extraordinary outcome, and one for which I again am proud to say thank you to all. This has made a great difference – one that truly impacts our ability to attract each year our nation's best students and support our marked commitment to maintain both our independence and, most importantly, the integrity of our mission, a mission animated by the principles of faith and freedom.

Since I have just highlighted the importance of giving – let me share with you how we are doing in our fundraising, specifically our annual *Full Circle* campaign. You'll recall, since this administration began, that we have worked hard to earn your trust and collaboration. And you have magnificently responded in time, talent and treasure. In fact, in 2002-03, we raised \$650,000 in unrestricted dollars. Last fiscal year, alumni and friends donated \$1.9 million in unrestricted dollars – an increase over the 2003 total of almost 200 percent! Each year from 2003 through last year has been a record year. Given the recent economic events, how have we done this year? The answer is “quite well,” and the numbers are truly heartening. Through the end of January, we were about \$74,000 (or 7 percent) behind last year's record pace in unrestricted gifts. I am so proud of all of you who, notwithstanding what has been occurring in our economy, have continued to step up. All things considered, we are in much better shape than might be expected, and hopefully, as we complete this fiscal giving year (which ends June 30, 2009), you will continue to see the need for and the true value in giving to our alma mater as you make your decisions about your charitable donations. This “true value” is exemplified in the reasons I often write about and that most of you know. So thank you and let's keep building our great school together, even in these tough times.

I now turn to a completely different subject – but one no less important – the long-term future of our institution. As a result of our strategic planning process, we have identified some areas of the College, both physical and programmatic, that will require additional attention and support to maintain and enhance our commitment to excellence. In the coming year, you will hear more about a new capital campaign to raise funds for these priority areas. Using our professional staff, external experts and in close collaboration with our Trustees, this is something we have been planning for and developing over the past two years. You may ask yourself (and it's a very valid question, by the way), “Why consider a major fundraising campaign during such an economic downturn?” The answer is that, first of all, these campaigns routinely take six to eight years to complete. Our last campaign, *Change & Commitment*, raised \$69 million in eight years, on an original \$45 million goal. You will hear more about this exciting campaign and these exciting opportunities in the near future.

Over the long haul, I believe our new campaign will succeed. Make no mistake – this is no false alarm; this is no drill. This is about the future and independence of this 134-year-old school we call our own. It is on our shoulders and it is our burden, but I welcome the challenge and hope you will too. There are many threats out there but, doing our best with God's help, we will succeed and prosper, and that is a promise.

Sincerely,

A handwritten signature in black ink that reads "Dick Jewell". The signature is written in a cursive, slightly slanted style.

Dick Jewell '67, J.D.  
President